

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----292053Z 062544 /73

O R 292020Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 7865
INFO USMISSION USBERLIN
AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION NATO BRUSSELS

S E C R E T SECTION 01 OF 02 BONN 07474

STADIS////////////////////////////////

EXDIS

DEPARTMENT FOR EUR/CE

E.O. 11652: GDS
TAGS: PFOR PGOV WB GW US UK FR
SUBJECT: NATO MINISTERIAL: QUADRIpartite MEETINGS ON
BERLIN AND GERMANY (ASSESSMENT)

REF: BONN 7386

BEGIN SUMMARY. THE BONN GROUP HAS REACHED AD REF
AGREEMENT ON THE FULL TEXT OF THE PROPOSED ASSESSMENT
ON BERLIN DEVELOPMENTS SINCE THE LAST QUADRIpartite
MEETING. TRANSMITTED BELOW ARE THE TEXT OF SECTION I
(INTERNAL SITUATION) PLUS MINOR AMENDMENTS TO THE TEXT
OF SECTION II WHICH WAS TRANSMITTED IN REFTEL.
ACTION REQUESTED: APPROVAL OF DRAFT ASSESSMENT.
END SUMMARY.

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1. THE BONN GROUP REACHED AD REF AGREEMENT IN ITS
APRIL 29 MEETING ON THE TEXT OF SECTION I OF THE
BERLIN ASSESSMENT AND MADE MINOR CHANGES TO THE TEXT
OF SECTION II AS TRANSMITTED IN REFTEL.

1. FOLLOWING IS THE TEXT OF SECTION I:

BEGIN TEXT

I. THE INTERNAL SITUATION

ALTHOUGH BERLIN'S ECONOMY IS INTEGRATED INTO THE FRG ECONOMY, BECAUSE OF THE LOCATION AND STRUCTURAL DIFFERENCE IT DOES NOT FULLY SHARE FRG ECONOMIC PATTERNS. IN 1976, THAT FACT MEANT THAT ECONOMIC TRENDS IN BERLIN WERE WEAKER THAN IN THE FRG; IN REAL TERMS, THE BERLIN GNP ROSE 3.7 PERCENT WHILE THE FRG INCREASE WAS 5.6 PERCENT. OTHER ECONOMIC INDICATORS IN BERLIN IN 1976 WERE ALSO LESS FAVORABLE THAN IN THE FRG. THE LEVEL OF EMPLOYMENT DECREASED MORE SHARPLY WHILE THE GROWTH IN PRODUCTIVITY AND THE VOLUME OF ORDERS RECEIVED WAS LOWER. THE FORECASTS FOR 1977 SUGGEST THAT BERLIN'S ECONOMY WILL CONTINUE TO GROW LESS RAPIDLY THAN THAT OF THE FEDERAL REPUBLIC. THIS IS A LONG-TERM TREND.

IT IS POSSIBLE TO ARGUE THAT THE SPECIAL FEATURES OF BERLIN'S ECONOMIC SITUATION -- THE ABSENCE OF ITS OWN SOURCES OF RAW MATERIALS AND HEAVY DEPENDENCE ON EXPORTING -- AS WELL AS VARIOUS PSYCHOLOGICAL FACTORS ARE CONTINUING TO OPERATE SO AS TO INHIBIT BERLIN'S ECONOMIC GROWTH. IN 1976, BERLIN EXPERIENCED A DECLINE IN INVESTMENTS ON EQUIPMENT OF 7.8 PERCENT (11 PERCENT IN THE CASE OF PROCESSING INDUSTRIES) AS OPPOSED TO A SIX PERCENT RISE IN THE FRG. ADDITIONALLY, ALTHOUGH UNEMPLOYMENT LEVELS HAVE BEEN COMPARABLE TO
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THE FRG, THERE ARE NO SIGNS OF ANY REDUCTION IN UNEMPLOYMENT. THE LOW VOLUME OF AVAILABLE JOB VACANCIES IS ALSO EXERCISING AN UNFAVORABLE IMPACT ON THE TREND

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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 7866

INFO USMISSION USBERLIN

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IN POPULATION, WHICH IS IN ANY CASE NEGATIVE --
RECORDING A DECLINE OF ABOUT TWO PERCENT IN 1976.
ANOTHER SOURCE OF WORRY IS THE STRUCTURAL DECLINE IN
THE NUMBER OF PERSONS EMPLOYED IN BERLIN INDUSTRY --
A PILLAR OF FUTURE GROWTH FOR BERLIN'S ECONOMY -- WHICH
ALSO CONTINUED IN 1976. (IN THIS CASE, THE DECLINE
BETWEEN 1970 AND 1975 WAS OVER 23 PERCENT.)

BY ASSURING CIVILIAN ACCESS AND BY REDUCING THE
TENSION IN THE AREA, THE QA PROVIDED TWO IMPORTANT
PRECONDITIONS FOR BERLIN'S FUTURE ECONOMIC GROWTH.
NEVERTHELESS, THE PSYCHOLOGICAL SENSITIVITY REMAINS.
THE STRENGTHENING OF BERLIN'S ECONOMY PRESUPPOSES A
FAVORABLE INVESTMENT CLIMATE, WHICH IN BERLIN MORE
THAN IN MOST PLACES IS AFFECTED BY EVEN MINOR SHIFTS IN
THE POLITICAL CLIMATE.

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DESPITE THE ECONOMIC UNCERTAINTIES AND THE
POLITICAL EVENTS DISCUSSED BELOW, PUBLIC OPINION
STUDIES INDICATE THAT THE BERLINERS CONTINUE TO MANIFEST
THEIR TRADITIONAL RESILIENCE. IN PARTICULAR, A
SUBSTANTIAL MAJORITY OF THE POPULATION CONTINUES TO
VIEW THE OVERALL SITUATION OF THE CITY AND ITS FUTURE
OPTIMISTICALLY. WHILE REALIZING THE NATURE OF THE
DIFFICULTIES, BERLINERS CONTINUE TO HAVE FAITH IN THE
WESTERN ALLIES, THE FRG AND THEMSELVES.

THE VITALITY OF THE BERLIN ECONOMY HAS BEEN MADE
THE SUBJECT OF A STUDY NOW BEING CONSIDERED BY THE
BONN GROUP. IN THE MEDIUM AND LONG-TERM PERSPECTIVES,

THIS VITALITY CAN ONLY BE ENSURED BY COOPERATION AMONG THE FRG, THE ALLIES AND THE BERLIN SENAT. THE PURPOSE OF THE BONN GROUP STUDY WILL BE TO SEE WHAT THE ALLIES CAN CONTRIBUTE.

END TEXT

3. FOLLOWING ARE THE AGREED CHANGES TO THE TEXT OF SECTION II (REFTEL):

-- SECTION A, THIRD PARAGRAPH: IN THE LAST SENTENCE, CHANGE "SOVIETS" TO "SOVIET UNION."

-- SECTION A, LAST PARAGRAPH: AMEND THE LAST SENTENCE TO READ AS FOLLOWS:

IN ADDITION, BOTH SIDES ACCEPTED IN THE QA DELIBERATELY AMBIGUOUS LANGUAGE -- "THE RELEVANT AREA" -- WHICH LEFT UNAFFECTED THE WESTERN LEGAL POSITION THAT QUADRIPARTITE RIGHTS AND RESPONSIBILITIES APPLIED EQUALLY TO ALL OF BERLIN, INCLUDING ITS EASTERN SECTOR -- THE SO-CALLED "CAPITAL OF THE GDR."

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-- SECTION B, FOURTH PARAGRAPH: AMEND THE FIRST SENTENCE TO READ AS FOLLOWS:

THE GDR, WITH SOVIET CONSENT AND CLEAR VERBAL SUPPORT, HAS SOUGHT TO PROVE THAT "THE RELEVANT AREA" OF THE QA DOES NOT INCLUDE THE EASTERN SECTOR OF BERLIN.

-- SECTION B, FIFTH PARAGRAPH: DELETE THE WORD "POTENTIALLY."

-- SECTION D, FOURTH PARAGRAPH: CHANGE THE PENULTIMATE SENTENCE TO READ AS FOLLOWS:

WHAT IS NECESSARY AT THIS POINT IS FULLER CONSIDERATION OF OUR OWN FUTURE POLICIES.

4. ACTION REQUESTED: APPROVAL OF THE DRAFT ASSESSMENT.
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Copy: SINGLE
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